Civil Society in Central Europe: An Ever-Changing Landscape

How NGOs have adapted to shifting donor strategies

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The progress achieved by civil society in Central and Eastern Europe (CEE)[1] since the early 1990s is a remarkable story of societal transformation. Today, the state of civil society reveals the enormous progress that citizens have made towards influencing their governance and improving the quality of life. This essay endeavors to describe the actors, funding, and events that stimulated civic development in Central Europe since the onset of the democratic transition. It also discusses the significant shifts within civil society that have occurred over the past 18 years as the sector has matured and funding sources have changed. Finally, it offers several lessons learned for donors, practitioners, and civil society organizations in countries that are moving from authoritarian systems (be they communist or other forms of totalitarian rule) to modern and democratic societies. These lessons are applicable to Southeastern Europe[2] and the most advanced countries of the former Soviet Union.[3]

1990'S: THE BEGINNING OF A NEW CIVIC ERA

In 1989, revolutionary change in Central Europe opened a window of opportunity for the emergence of civic activism. The number of newly created civic associations and non-governmental organizations (NGOs) has mushroomed in the former authoritarian countries, where previously all independent civic initiative had been suppressed. The atmosphere in the early 1990s was influenced by the *liberal wave* that swept across the region and dislodged the state's control over society. NGOs, led by citizens eager to make full use of their newly-acquired civic rights, flourished in the new space created by the liberal legal environment and non-interventionist state. Unfortunately, as will be discussed later in this essay, the liberal approach eventually foundered in some countries as governments pushed for a return to a greater degree of state supervision and regulation of civil society.

At the beginning of the decade civil society was characterized by the following features:

- A low level of understanding by those working in NGOs of the NGO sector and its role in society. NGO leaders did not possess the training and basic management skills needed to run an organization. Most of them lacked even rudimentary knowledge about registering an organization, developing a strategic plan, fundraising, and managing large sums of money. Their staff, if they had any, were even less knowledgeable. What these budding activists lacked in professional skills, however, they made up for with an abundance of enthusiasm, goodwill, and personal sacrifice. For the most part, NGOs were manned by middle-aged citizens who were eager to practice their new-found freedom of association. The younger generation was focused instead on developing professional careers, and therefore, was not particularly attracted to the unpaid or poorly paid work of NGOs.
- Socio-economic problems, such as unemployment, the social exclusion of the poor and marginalized, and the unmet needs of the disabled, young mothers, and drug addicts were not yet as visible as they became in the mid-1990s as a result of economic reforms. Fortunately,

[1] The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia

[2] Countries of the former Yugoslavia (Serbia, Montenegro, Croatia, Macedonia, and Bosnia and Herzegovina), Albania, and two new EU Member States – Bulgaria and Romania.

[3] Especially Ukraine, Moldova, and Georgia.

given the nascent state of civil society, there was only a limited need to mobilize civil society resources to provide assistance to these groups. However, as the quality of life deteriorated and social problems increased in number and worsened in nature, there was a strong impetus for citizens to organize efforts to provide services. It is at this point that parents' associations, women's health centers, and community centers for the Roma minority began to appear.

- Formal, institutionalized relations between the state and civil society were almost nonexistent. The state did not perceive a need to develop a venue through which it could interact with NGOs, whose potential to contribute to solving social issues was unacknowledged and untapped. Government authorities were not predisposed to view NGOs as partners; on the contrary, these new elites considered civic activists as potential political rivals and watched their activities with suspicion.

- Locally, there was little funding available for NGO activity. Government grants and contracts, individual and corporate philanthropy, community foundations, and private donations hardly existed and remained to be developed as funding sources.

Initial Sources of Funding

In 1992, donors initiated a dialogue with local civic activists throughout the region. Those conversations, and the prevailing conditions described above, played a pivotal role in shaping the funding priorities of donors interested in strengthening civil society. The major donor interests are described below:

- Private foundations from the United States, the United Kingdom, the Netherlands, and a few other European countries promoted civic virtues, civil society development, and citizen engagement. The vanguard of these civic-minded foundations included the Soros Foundation, the Ford Foundation, the Charles Stewart Mott Foundation, and the German Marshall Fund.

- Political foundations, such as the German Stiftungen, supported NGOs that promoted their respective political and ideological values.

- Some foreign governments showed a particular interest in civil society. These included the Dutch Embassy's MATRA KAP programs, the British Know-How Fund, the United States Agency for International Development (USAID), and the Canadian International Development Agency (CIDA). In general, these donor programs were focused on broad civil society development.

- Global international organizations, such as the European Union and the United Nations Development Program (UNDP), also supported broad civil society development.

- Corporate donors, both domestic and international, played a minimal role in the early 1990s. Domestic businesses were not yet financially stable or aware of their social responsibility. Foreign multinationals were just beginning to invest in the region, and only later established models of corporate philanthropy. Civil society groups were, however, at times able to obtain in-kind support from the business community.

- During this period, individual philanthropy was not part of the culture, and almost no public funding was available from any level of government (central, regional, or municipal).

Donor Strategy and Funding Priorities

For most American and European donors, strategies and funding priorities converged on one general theme – the development of civil society in the broadest sense. Donor emphases, however, differed. American and European donors, for example, followed a different approach to stimulating civic participation.

American donors were eager to strengthen the core institutional and organizational development of advocacy groups and watchdogs, which would have the capacity to monitor state behavior and ensure a higher degree of responsiveness to the citizenry. For this reason, funding was directed toward workshops, seminars, internships, and consultancies to introduce new, or enhance existing, skills and knowledge. US-based donors also placed a high priority on NGO sector infrastructure, through the financing of resource centers and grants to umbrella organizations, networks, and issue-based coalitions. USAID also took a proactive position on improving the legal framework under which civil society organizations operated. US private foundations focused on establishing independent think tanks meant to facilitate public debate, generate new ideas and solutions to pressing social problems, and support legislators by developing alternative policy blueprints.

By contrast, many of the European donors had an agenda tied to anchoring the new CEE states firmly to Europe. The European Union (EU), for example, also wanted to strengthen NGO organizational and institutional capacity, but its ultimate objective was the expansion of EU membership. This helps explain why the largest share of its assistance went to the Central and Eastern European NGOs. The EU criteria for candidate countries specified a strong civil society as a condition of EU accession. In addition, it was anticipated that the Central European NGOs would contribute their expertise, grassroots knowledge, and policy recommendations to help their governments bring their political, economic, and social legislation in line with EU standards. For example, environmental NGOs possessed a significant body of knowledge about cutting-edge technologies and approaches for solving environmental problems. NGOs working with disadvantaged populations – such as ethnic minorities, refugees, immigrants, and the disabled – also served as a vital resource. In this sense, NGOs were used as vehicles to help prepare these countries for EU membership. NGOs and their EU counterparts were the conduit through which contemporary European standards were introduced into Central European governance structures. They were important agents of change in the EU accession process, although this was never the explicit objective of EU funding programs.

FIRST "FRUITS" PRODUCED BY CIVIL SOCIETY ORGANIZATIONS

By the late 1990s, civil society organizations in the Central European countries were becoming relatively strong and well-developed. Even in countries such as Slovakia, which had been ruled by an authoritarian prime minister for nearly a decade, democratic change was largely achieved through the mobilization of civil society. As the NGOs' professional reputations and self-confidence grew, their representatives were in a better position to influence policy-making. Authorities had taken notice of the NGOs' expertise, and slowly factored their input into the decision-making process.

The public began to recognize the value of NGOs as well. Increasingly, citizens relied on NGOs for protection or to meet their immediate social needs. This was dramatically underscored during the floods of 1997 in the Czech Republic and Poland, when NGOs provided direct and flexible assistance to victims. The state had also arrived at the point where it understood that it could no longer deliver all of the services that it had previously provided to the socially vulnerable. Liberal economic reforms highlighted the growing social issues, and NGOS stepped in to fill the gap. The state found it necessary and expedient to share its responsibilities and devoted some public funds to contracting with NGO

service providers. In several countries, new platforms for cooperation between the state and civil society were established, and consultative bodies were created.

With time, the NGOs' organizational structure began to mature, and the composition of the sector started to change. A new generation of civic activists emerged. The younger generation, previously pressured to follow other career tracks, saw increasingly that the NGO sector offered challenging work as well as the reward of helping others. Younger activists noted the growing public recognition of the sector, and appreciated the professional opportunities that the international donor community could provide. The demand for NGO services was increasing, and internationally-funded projects required specialized skills. Younger professionals who were well educated, spoke multiple languages, and could grasp western-style organization, management, and leadership models became highly sought after. Simultaneously, the labor market had become saturated, making employment in the private sector highly competitive.

Foreign donors continued to expand their activity in the region. The level of EU funding rose steadily, as the prospect of EU membership became a real possibility. Foreign corporations with investments in the CEE gradually launched social assistance programs that enhanced their business ventures. NGOs operating in the vicinity of these corporations' offices and/or production facilities found a new source of revenue. State funding also gradually took shape. Not surprisingly, the number of NGOs as well as the variety of organizational types continued to grow during this period.

EUROPEAN UNION ACCESSION

At the beginning of the new millennium, civil society in the region looked promising in many respects:

- Public Image: Civil society had gained the respect of the state and public. The state invested increasing amounts of public funds in civil society institutions. NGOs increased the scope and diversity of services provided to communities. Public trust reached its highest levels and was reflected in the numerous successful fund-raising campaigns organized by NGOs; revenues from these campaigns grew annually.

- Institutionalization: Local institutions, such as universities, began to sponsor NGO workshops, management courses, and other capacity-building events and activities – activities formerly funded by foreign donors. Increasing numbers of youth gained exposure to civic education; youth began to volunteer and many became professionally active in the sector.

- International Networks: International linkages between Central European NGOs and their international colleagues, especially within the EU, strengthened. Person-to-person contacts between NGO representatives increased along with the exchange of expertise and know-how.

- Enabling Environment: The legal operating environment for civil society institutions continued to improve, especially in the area of fiscal and tax legislation.

- Diversification of Funding: New sources of NGO funding also appeared during this period. These included new forms of financing such as the one percent income tax designation law in some countries (Hungary, Slovakia, Poland, and Romania)[4] and the convenient new channel of

[4]These laws provide that individuals have the right to direct 1% of their income taxes to NGOs of their choosing. In some countries these laws are also applied to legal entities and not just to individuals. The most popular sectors for donations are sports, children and youth, and persons with disabilities. One disadvantage of this support is that

making contributions via cellular phone text message.[5] These new forms of funding were developed in reaction to the expected decrease in funding coming from some bilateral sources.

Strategies for Encouraging Individual Charitable Contributions
Each year temporary brick towers are erected in the central squares and streets of Czech cities. Each brick is signed or painted by an individual donor, who can buy a brick for minimum of $4 USD. In Prague alone, more than 13,000 bricks were sold last year. These bricks are an excellent awareness-raising and public relations strategy. Contributions go to the construction or remodeling of housing for the mentally disabled. Over the last eight years, the Brick campaign (as it is known) has grown into a large, well-respected nationwide fundraising activity. It has gained partner NGOs in different regions, is supported by Czech celebrities, and has also become popular with foreign tourists.

The Realities of EU Structural Funds and NGOs

CEE NGOs anticipated the decrease in bilateral funding as well an increase in EU funding following accession, but they did not fully understand how EU Structural Funds would be directed. Although state authorities and NGOs began to discuss the impending increase in EU funding after accession, no one focused on the different philosophy and priorities behind these new EU funds, which first became available in 2004. The main reason for this misunderstanding was the broad public relations effort conducted to convince citizens that accession to the EU was an attractive option. These campaigns left the impression that the financial benefits of EU membership would accrue to virtually all interest groups, including NGOs. Unfortunately, few understood the specific objectives of post-accession funding or the detailed administrative requirements that had to be filled to obtain it.

The general euphoria led NGOs to believe that the EU would continue to support them in the same ways that it had in the pre-accession period. They did not realize that there was a large philosophical gap between pre-accession financial aid and the structural support that the EU provides to EU Member States to meet EU political objectives and priorities. Concerns suggesting that EU funding for NGOs might be limited after accession were treated as a voice against EU membership, so the frequency of such criticism was limited.

Many of the formal conditions and restrictions on the use of EU funds have been put in place by the new member governments. Authorities administering respective EU programs, especially ministries of finance, often added their own bureaucratic requirements to the ones set by the European Commission, but allowed civil society organizations to believe that all procedures stemmed from EU regulations. This led to increased criticism of the EU by NGOs, although their frustration would have been more properly placed on the national authorities which were directly administrating the funds.

The European Commission has now warned new member states about the bureaucratic and administrative burden placed on applicants and has requested Member States to simplify their procedures. The EU has also taken some direct action to respond to complaints. For example, a core piece of legislation regulating financial flows within EU funding programs is slated to be significantly

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it tends to be channeled to the most visible sectors, areas, and target groups, leading to the neglect of less well known causes.

[5] There are special telephone numbers to which people willing to contribute a certain amount of money to NGOs can send a text message or an SMS. The mobile phone operator then adds this amount to the cell phone bill of the respective individual donor. This form of philanthropy is very convenient for citizens and has increased in popularity.

altered as of May 1, 2007. The Commission is also planning to simplify its stringent and difficult conditions related to the eligibility of particular expenditures for reimbursement.

The Decline of Bilateral Donors

In addition to the challenge EU Structural Funds have presented, other external funding decreased as foreign donors began implementing exit strategies due to both EU accession and the substantial amount of progress made by civil society. Only a few donors tried to bridge the gap between the pre-accession phase and the moment of full EU membership. Several US-based foundations joined together and established the Central and Eastern European Trust for Civil Society; the Trust provided some transitional funding to NGOs in new EU member states. Although its funding was limited, it focused on those strategic elements in civil society development that could strengthen the sustainability of key NGOs, such as think tanks. In Estonia, Latvia, and Lithuania, USAID and the Open Society Institute jointly funded a ten-year endowment, the Baltic American Partnership Fund, which provides grants to NGOs to strengthen the capacity and sustainability of the sector and to improve the environment in which NGOs operate.

The reality that emerged after EU accession was a rude awakening for many NGOs. They discovered that the new EU funds were not as "user-friendly" as the pre-accession EU PHARE, bilateral donor, and private foundation funding had been. EU funding (mainly Structural Funds) does not aim to finance NGOs, or their capacity and institutional development. Instead, the EU's priority is to contribute to the implementation and realization of EU policies. As such, EU post-accession funds primarily support the provision of certain social services, such as social welfare services. Under the regulations governing these funds, NGOs can take part in the bidding process, but they compete with other service providers, including private sector and public sector organizations.

The conditions for awarding contracts have turned out to be another obstacle for NGOs. In most cases, NGOs are required to advance their own funds for implementation and are reimbursed for expenses once tasks are completed. The vast majority of Central European NGOs do not possess the necessary capital or cash flow needed to finance the initial launch of such contracts. NGOs cannot access financial instruments such as loans or bank guarantees, limiting their ability to borrow against accounts receivable. All these factors led to significant civil society frustration with EU funding following the accession of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia in 2004. By then most foreign donors had departed and domestic funding sources were still insufficient to sustain civil society institutions.

The Shift in NGO Mission

The types of NGOs that emerged from the pre-accession period are not well suited to provide the skills and services necessary to compete against private and public sector institutions for post-accession EU funds. Organizations that are large, professionally-managed, and provide services mainly in the social arena are better positioned to benefit from EU Structural Funds. These organizations have the resources to write elaborate grant applications and manage their funds in a professional manner. However, many social welfare NGOs emerging from the pre-accession period are not able to perform at this level. This is true especially for small, locally based, voluntary organizations.

EU Structural Funds are also not intended to support the work of advocacy, watchdog, and policy NGOs or NGO resource centers. Within this group of NGOs, several have adjusted their activities so that they can tap some EU funding; they have begun providing niche services, such as legal advice and training seminars related to social or environmental policy and education. Advocacy organizations, such

as environmental groups litigating against multinational companies for environmental violations, may relinquish some of their traditional activities in order to deliver services that qualify for EU Structural Funds. For example, some environmental advocacy groups are now active in the fields of environmental education and technical assistance for environmental services since they possess significant technical competence and legal knowledge due to their previous advocacy work. Fortunately, few advocacy organizations have completely abandoned their original missions; today, many of these organizations successfully balance interests and needs by managing projects financed by EU Structural Funds while at the same time undertaking advocacy. While the latter activity is not eligible for EU funding, the EU funding that organizations receive for service provision allows them to pay their staff, experts, and operating costs, while making it possible for them to continue their advocacy efforts.

NEW NGO STRATEGIES FOR OPERATING IN THE POST - ACCESSION ENVIRONMENT

Given the decline in foreign resources and the limited applicability of EU Structural Funds, domestic sources of funding now play an indispensable role in fulfilling many NGO institutional objectives. The level of individual philanthropy is increasing steadily, but has not reached the level needed to meet the funding requirements of NGOs. The private sector in the region has also not taken on a large role in supporting many areas of NGO activity. Corporate donors are active predominantly in visible and low-risk sectors such as sports and youth activities. Corporate donors generally do not support advocacy and watchdog groups. Some corporate donors are averse to funding NGOs that monitor the behavior of the private sector, such as groups working on environmental protection, government transparency, and the fight against corruption.

NGOs Encourage Corporate Philanthropy
One of the most active Czech NGOs in the promotion of corporate philanthropy is the VIA Foundation (www.nadacevia.cz), which sponsors corporate seminars, trains non-profit organizations in fund-raising, and presents prestigious annual awards for philanthropy. Last year, one of its awards was given to the multinational construction company Skanska Inc. for its work with the Partnership Foundation. Skanska helped the foundation implement innovative approaches to corporate philanthropy for its Tree of Life project. Skanska helped the Partnership Foundation undertake environmental and philanthropic activities, provided assistance in approaching other donors, and offered advice in areas such as ecological construction techniques and environmentally friendly technology.

An invaluable role is played by donors' forums to support corporate giving in Central European countries. These forums promote philanthropy, set standards for it, and spread examples of best practices. For example, the Czech Donors´ Forum created a corporate club called "Donator," which brings together large corporations willing to invest in civil society. Similarly, domestic individual philanthropists are gradually emerging. There is a strong need to educate corporate and individual philanthropists to make them aware of societal issues that can be effectively addressed by NGOs. These local philanthropists could eventually become important sources of support for advocacy NGOs and resource centers through the donation of unrestricted funding.

Providing Public Services to Local Governments

One new source of NGO funding is represented by government institutions. Most Central European countries decentralized government functions, leading to the emergence of lower levels of public administration and self-governing structures. These new decentralized units of government have enhanced mandates and resources, and they can often provide grants to NGOs active in their respective

territories to carry out government programs. Local government authorities realized over time that the state is not capable of delivering all the services expected by citizens, and that such services could be – and in some cases already were being – provided by NGOs. While it took state institutions some time to align their operations to cooperate with the NGO sector, the government eventually started to fund NGOs to provide services that it could not deliver itself.

Close collaboration with civil society became one way for government authorities and elected officials to gain legitimacy. With an increased knowledge of the NGOs working locally, regional and local government institutions gradually became interested in using these groups to help deliver services. Realizing the potential of partnering with NGOs, local authorities made a special push to streamline the application and awards process. As a result, regional and municipal funding has become accessible even to small organizations. The limited success of decentralizing tax revenue and expenditures has further reduced the use of NGOs to provide basic services. However, the increase in domestic government funding of NGOs has been significant; some estimate that the level of public funding as a source of income for NGOs now averages between 50-60%.

These developments are promising. As GDP continues to rise throughout the region, local, regional, and state budgets should allocate an increasing share of their budgetary resources to NGOs over time. This approach, however, is not without shortcomings. Some civil society organizations which are not as dependent on public funding (e.g., trade unions) are beginning to label NGOs that rely on public financial sources as "public organizations." This means that trade unions do not recognize some NGOs as civil society groups, but rather as public institutions subservient to the interests of the state. There is a risk that dependence on government funding will lead to a decreased willingness to criticize government activities. This could lead to the creation of a corporatist model of civil society as in Germany, where relations between public and civil sectors are focused on cooperation, partnership and deal-making rather than on an adversarial model of accountability.

New Foreign Sources of Support

In 2006, two new and potentially significant sources of funding began operating in the new EU Member States, the EEA (European Economic Area)[6] and the Norwegian financial mechanisms. Both plan to invest significant funds into NGO capacity building, as was done by US-based foundations and bilateral missions in the 1990s. Though these funds may support NGOs in only a few selected policy areas – such as the environment and advocacy on behalf of children, immigrants, and asylum-seekers – they could be the salvation of many NGOs that work in areas such as policy advocacy and watchdog activities. The government of Switzerland is also developing similar financial mechanism for the region. The main priority of these new foreign donors is to support elements of civil society in the new EU member states that are not addressed by EU funding but are crucial for the proper functioning of democratic and open societies.

Revenue Generating Activities

Other strategies have also emerged as NGOs coped with the decrease in financial assistance from foreign donors. Some organizations started to develop business models and income-generating strategies based on the sale of their products and services. Some introduced small fees for their products (e.g. subscription fees for their newsletters); others started related business activities (e.g.,

[6] The governments of the three EEA countries (Norway, Lichtenstein, and Iceland) are doing this to repay something for the economic and trade benefits they receive through their membership in the EEA.

small restaurants or workshops where, for example, disabled people are employed). In addition, NGOs now sometimes offer their services to commercial businesses at market prices where these commercial activities are supplementary to those provided on a not-for-profit basis and do not disrupt the NGOs' primary objectives. The ethical taboo and the regulatory environment that prevented the non-profit sector from considering activities that could generate a profit are now being broken. NGOs are gradually realizing that there is nothing wrong with raising some revenue from their products and services. The public is gradually learning to accept this new mode of operation as well.

Volunteerism

The maturation of the NGO sector in the Central European countries has also led to a rise in volunteerism. It is especially strong among high school students as a result of systematic NGO efforts targeting youth. Volunteer work is also being acknowledged as useful in building workforce skills, and employers now give priority to job seekers with volunteer experience. Some companies have also started to give employees days off for voluntary activities while some arrange to send their employees to do volunteer work in homes for the elderly or disabled. This is a useful mechanism for NGOs to meet cost-sharing requirements as private and public donors will often count volunteer labor as an in-kind contribution.

The Outlook for NGOs

Civil society in Central Europe has been forced to think creatively about new and diverse sources of funding. Advocacy efforts led to the 1% tax designation laws and improvements in the ease of donations through cell phone technology. The creative potential of NGOs still has not been fully developed, so new funding approaches will likely emerge over time.

While small NGOs in the region are going through a challenging transition, the growing gap between small and large NGOs should not be perceived as something entirely negative. To the contrary, small regional and local NGOs, which often rely on volunteers, should not try to become large professional organizations capable of applying for EU and other funds. Increased opportunities for support at local and regional levels have enhanced the ability of these NGOs to continue their work and remain solvent. As the domestic sources of support discussed above continue to grow, they will be able to provide substantial funding to small regional and local organizations. These sources tend to have fewer administrative requirements and restrictions and are more suitable to smaller organizations. The decision whether an NGO should grow and expand its capacities or maintain its initial size and activities is one of the most fundamental questions that a small NGO must confront.

LESSONS TO BE CARRIED FORWARD

Central and Eastern Europe provides both useful lessons and inspiration for other post-communist countries, which are lagging behind in civil society development.

Lesson 1: The experience of Central European NGOs suggests that the tendency to rely on a single source of funding is dangerous and limiting. This is particularly true when it comes to EU funding. NGOs in other post-communist countries, where there is still access to significant, if declining, foreign funding, should work on plans for diversification of sources of funding. A diversification strategy might include:

- Establishing productive working contacts with state and local government authorities, including discussions with them about divisions of labor and funding for NGO services and activities;

- Promoting new forms of corporate philanthropy. There are many examples of best practices as well as failures that can be gleaned from the experience of the new EU Member States; and
- Paying more attention to promoting private philanthropy and individual donations. Civic education activities should engage students so that increased sensitivity to the needs of others is nurtured and the value of voluntary work becomes understood and appreciated.

Lesson 2: In the later stages of the transformation, developing good relations with state structures and particularly with newly decentralized government bodies turned out to be critical to NGO sustainability, as well as to expanding NGO contributions to social welfare, citizen participation, and good governance. The northern tier countries developed different institutional structures for these relationships, providing some flexibility. They also established legal agreements or compacts which were signed by civil society and state actors. Relations with lower administrative units of the public administration, such as at the regional and municipal level, proved to be crucial for the sustainable development of NGOs. Opportunities for local level organizations will, however, be constrained in the absence of decentralization.

Lesson 3: Now that the NGO sector is beginning to be seen as a strong, trustworthy, and legitimate social actor, academics have become more interested in studying civil society. Many universities now provide skills training and capacity building workshops to NGO staff, as well as NGO management courses to students interested in the non-profit sector. University initiatives have helped to fill the gap created by the departure of those foreign donors that had invested in institutional strengthening.

Lesson 4: Working with volunteers, and especially with young people for whom volunteerism becomes a part of their informal education, is an important investment in the future. Developing human capacity, skills valuable in the marketplace, and a culture of participation can prove vital to maintaining an activist civil society and ensuring good governance.

Lesson 5: Currently, income tax incentives for corporate and individual donations are too limited and do not do enough to stimulate domestic philanthropy. Civil society should continue to lobby for increases in the maximum amount of income tax deduction or increases in the percentage of taxes paid that can be signed over to NGOs.

Lesson 6: Intermediary Support NGOs (or ISOs) such as NGO Resource Centers and other similar institutions play an important role in training NGOs on new trends, requirements, and standards necessary to compete for public funding. While such training was initially provided for free because foreign donors were supporting the providers, ISOs have increasingly been obliged to levy charges for their training and support. Some NGOs have been hesitant to pay these fees, but more and more they are regarding such assistance as an investment in their future ability to receive public funding.

The changes in the state of civil society in CEE have been truly transformational. These countries offer donors, practitioners, and civil society organizations an unparalleled laboratory in which to learn from the previous 18 years, to formulate a strategy for the future, and to carry forward the lessons learned to Southeastern Europe, Eurasia …and beyond.